

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT

Audit Report

COLLECTIVE BARGAINING PROGRAM

Chapter 961, Statutes of 1975,
and Chapter 1213, Statutes of 1991

July 1, 2003, through June 30, 2005



JOHN CHIANG
California State Controller

May 2007



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California State Controller

May 30, 2007

Cheryl M. White Ed.D., Superintendent
Centinela Valley Union High School District
14901 South Inglewood Avenue
Laundale, CA 90260

Dear Dr. White:

The State Controller's Office audited the costs claimed by the Centinela Valley Union High School District for the legislatively mandated Collective Bargaining Program (Chapter 961, Statutes of 1975, and Chapter 1213, Statutes of 1991) for the period of July 1, 2003, through June 30, 2005.

The district claimed and was paid \$248,131 for the mandated program. Our audit disclosed that the entire amount is allowable.

If you have any questions, please contact Jim L. Spano, Chief, Compliance Audits Bureau, at (916) 323-5849.

Sincerely,

"Original signed by"

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/jj

cc: La Tanya Kirk, Assistant Superintendent of Business Services
Centinela Valley Union High School District
Darlene Robles, Ed.D., County Superintendent of Schools
Los Angeles County Office of Education
Scott Hannan, Director, School Fiscal Services Division
California Department of Education
Arlene Matsuura, Education Fiscal Services Consultant
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Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by Centinela Valley Union High School District for the legislatively mandated Collective Bargaining Program (Chapter 961, Statutes of 1975, and Chapter 1213, Statutes of 1991) for the period of July 1, 2003, through June 30, 2005. The last day of fieldwork was June 29, 2006.

The district claimed and was paid \$248,131 for the mandated program. Our audit disclosed that the entire amount is allowable.

Background

In 1975, the State enacted the Rodda Act (Chapter 961, Statutes of 1975), requiring the employer and employee to meet and negotiate, thereby creating a collective bargaining atmosphere for public school employers. The legislation created the Public Employment Relations Board to issue formal interpretations and rulings regarding collective bargaining under the Act. In addition, the legislation established organizational rights of employees and representational rights of employee organizations, and recognized exclusive representatives relating to collective bargaining.

On July 17, 1978, the Board of Control (now the Commission on State Mandates [COSM]) determined that the Rodda Act imposed a state mandate upon school districts reimbursable under *Government Code* Section 17561.

Chapter 1213, Statutes of 1991, added *Government Code* Section 3547.5, requiring school districts to publicly disclose major provisions of a collective bargaining effort before the agreement becomes binding.

On August 20, 1998, COSM determined that this legislation also imposed a state mandate upon school districts reimbursable under *Government Code* Section 17561. Costs of publicly disclosing major provisions of collective bargaining agreements that districts incurred after July 1, 1996, are allowable.

Claimants are allowed to claim increased costs. For claim components G1 through G3, increased costs represent the difference between the current-year Rodda Act activities and the base-year Winton Act activities (generally, fiscal year 1974-75), as adjusted by the implicit price deflator. For components G4 through G7, increased costs represent actual costs incurred.

The seven components are as follows.

- G1—Determining bargaining units and exclusive representatives
- G2—Election of unit representatives
- G3—Costs of negotiations
- G4—Impasse proceedings
- G5—Collective bargaining agreement disclosure
- G6—Contract administration
- G7—Unfair labor practice costs

Parameters and Guidelines establishes the state mandate and defines reimbursement criteria. COSM adopted the *Parameters and Guidelines* on October 22, 1980, and last amended it on January 27, 2000. In compliance with *Government Code* Section 17558, the SCO issues claiming instructions for mandated programs, to assist local agencies and school districts in claiming reimbursable costs.

Objective, Scope, and Methodology

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Collective Bargaining Program for the period of July 1, 2003, through June 30, 2005.

Our audit scope included, but was not limited to, determining whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

We conducted the audit according to *Government Auditing Standards*, issued by the Comptroller General of the United States, and under the authority of *Government Code* Sections 12410, 17558.5, and 17561. We did not audit the district's financial statements. We limited our audit scope to planning and performing audit procedures necessary to obtain reasonable assurance that costs claimed were allowable for reimbursement. Accordingly, we examined transactions, on a test basis, to determine whether the costs claimed were supported.

We limited our review of the district's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

Conclusion

For the audit period, Centinela Valley Union High School District claimed and was paid \$248,131 for costs of the Collective Bargaining Program. Our audit disclosed no material instances of noncompliance with the requirements outlined above.

Views of Responsible Officials

We discussed our audit results with the district's representatives during an initial exit conference, conducted on June 29, 2006. Representatives included Dr. Cheryl White, Superintendent; Thomas Connelly, Assistant Superintendent; and Marlene Pitchford, Director of Human Resources. We held a follow-up telephone conversation with Sunny Okeke, Director of Fiscal Services, on May 10, 2007. Mr. Okeke agreed with the audit results, declined a draft audit report, and agreed that we could issue the audit report as final.

Restricted Use

This report is solely for the information and use of Centinela Valley Union High School District, the Los Angeles County Office of Education, the California Department of Education, the California Department of Finance, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

“Original signed by”

JEFFREY V. BROWNFIELD
Chief, Division of Audits

Schedule 1— Summary of Program Costs July 1, 2003, through June 30, 2005

Cost Elements	Actual Costs Claimed	Allowable per Audit
<u>July 1, 2003, through June 30, 2004</u>		
Components activities G1 through G3:		
Salaries and benefits	\$ 18,898	\$ 18,898
Materials and supplies	5,345	5,345
Contracted services	106,957	106,957
Increased direct costs, G1 through G3	131,200	131,200
Components activities G4 through G7:		
Salaries and benefits	1,066	1,066
Materials and supplies	15	15
Contracted services	50,216	50,216
Increased direct costs, G4 through G7	51,297	51,297
Total increased direct costs, G1 through G7	182,497	182,497
Base year direct costs adjusted by Implicit Price Deflator	(8,909)	(8,909)
Indirect costs	1,406	1,406
Total program costs	\$ 174,994	174,994
Less amount paid by the State		(174,994)
Allowable costs claimed in excess of (less than) amount paid		\$ —
<u>July 1, 2004, through June 30, 2005</u>		
Components activities G1 through G3:		
Salaries and benefits	\$ 14,053	\$ 14,053
Materials and supplies	55	55
Contracted services	66,084	66,084
Increased direct costs, G1 through G3	80,192	80,192
Components activities G4 through G7:		
Salaries and benefits	33	33
Contracted services	1,418	1,418
Increased direct costs, G4 through G7	1,451	1,451
Total increased direct costs, G1 through G7	81,643	81,643
Base year direct costs adjusted by Implicit Price Deflator	(9,320)	(9,320)
Indirect costs	814	814
Total program costs	\$ 73,137	73,137
Less amount paid by the State		(73,137)
Allowable costs claimed in excess of (less than) amount paid		\$ —

Schedule 1 (continued)

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>
<u>Summary: July 1, 2003, through June 30, 2005</u>		
Components activities G1 through G3:		
Salaries and benefits	\$ 32,951	\$ 32,951
Materials and supplies	5,400	5,400
Contracted services	<u>173,041</u>	<u>173,041</u>
Increased direct costs, G1 through G3	<u>211,392</u>	<u>211,392</u>
Components activities G4 through G7:		
Salaries and benefits	1,099	1,099
Materials and supplies	15	15
Contracted services	<u>51,634</u>	<u>51,634</u>
Increased direct costs, G4 through G7	<u>52,748</u>	<u>52,748</u>
Total increased direct costs, G1 through G7	264,140	264,140
Base year direct costs adjusted by Implicit Price Deflator	(18,229)	(18,229)
Indirect costs	<u>2,220</u>	<u>2,220</u>
Total program costs	<u>\$ 248,131</u>	248,131
Less amount paid by the State		<u>(248,131)</u>
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>

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